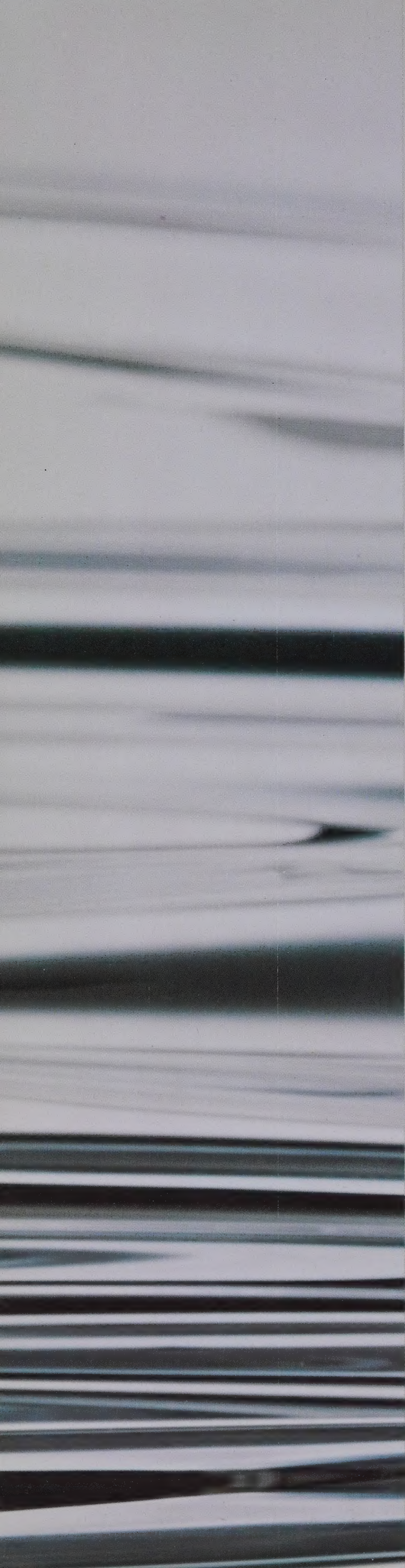
BP Canada

Annual Report 1978



BP 25 years in Canada

In December 1978, BP completed a quarter-century in the Canadian oil industry. It began with a $5 million investment in the Calgary-based exploration and production firm of Triad Oil; now, with assets exceeding $700 million, BP Canada ranks as the fifth largest integrated petroleum company in the country.

During those 25 years, BP has:

Increased its production of crude oil to over 20,000 barrels per day.

Built natural gas production from zero to some 110 million cubic feet per day.

Extended its natural-resources interests into coal, oil sands and minerals.

Developed refining capacity of 160,000 barrels per day in Quebec and Ontario.

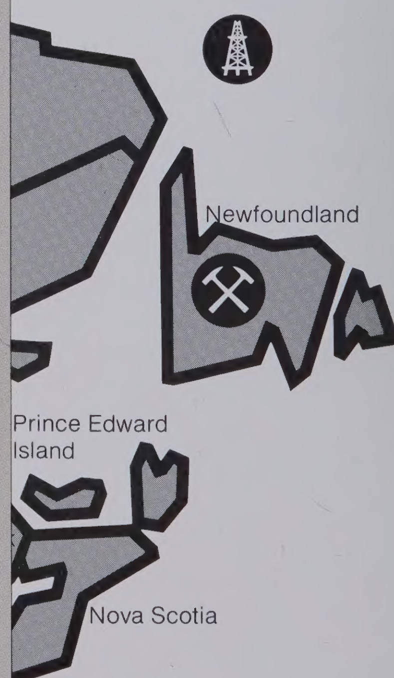
Created a marketing network selling more than a billion gallons of refined products annually.

Established a work force of over 4,000 employees and, indirectly, given employment to many thousands of other Canadians.

More enduring than such statistics, however, is the reputation for good corporate citizenship which BP Canada has earned through the efforts of its employees over the years.

Entering a second quarter-century, BP Canada remains committed to working to develop the country's resources in the best interest of Canadians, meeting their energy needs and contributing to their wellbeing.

- Oil & Gas Exploration
- Oil Production
- Gas Production
- Minerals Exploration
- Coal
- Refining
- Products Marketing




BP operations 1978
Oil & Gas Exploration
Oil Production
Gas Production
Minerals Exploration
Coal
Refining
Products Marketing
Yukon Territory
Northwest Territories
British Columbia
Alberta
Saskatchewan
Manitoba
Ontario
Quebec
Newfoundland
Prince Edward Island
New Brunswick
Nova Scotia

Highlights for the year 1978

with 1977 figures shown on a comparable basis

	1978	1977	% change
	(thousands of dollars unless otherwise stated)		
Financial			
Net income for the year	$ 37,261	$ 40,290	− 7.5
Net income per share (dollars)	1.77	1.91	− 7.3
Return on average capital employed (%)	8.02	9.26	−13.4
Shareholders' equity at end of year	391,796	363,901	+ 7.7
Revenue — sales and services	842,291	737,200	+14.3
Total funds derived from operations	81,263	84,427	− 3.7
Expenditures on property, plant, equipment and research costs	62,857	75,500	−16.7
Operating	(barrels per day)		
Refined product sales	111,011	107,552	+ 3.2
Crude oil processed at refineries	112,778	127,723	−11.7
Gross sales of crude oil and natural gas liquids	20,464	22,128	− 7.5
	(thousands of cubic feet per day)		
Gross sales of natural gas	109,535	122,685	−10.7

The Company's capital stock is listed for trading on the Montreal, Toronto and Vancouver stock exchanges. Cash dividends paid and the high and low prices of the Company's common shares on the Toronto Stock Exchange for the last two years are shown in the table.

	1978			1977		
	Dividends Paid	High	Low	Dividends Paid	High	Low
	¢	$	$	¢	$	$
First quarter	12	17⅜	14	11	11⅛	8⅝
Second quarter	12	16⅛	12⅞	11	14	10⅜
Third quarter	12	19	14⅞	11	14½	12⅞
Fourth quarter	13	21½	16¾	11	18	12½
Year	49	21½	12⅞	44	18	8⅝

The Annual and General Meeting of shareholders of BP Canada Limited will be held at 11:00 a.m., Friday, 27th April, 1979 in the Ritz-Carlton Hotel, Montreal.

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Service des Affaires publiques
BP Canada
1245 ouest, rue Sherbrooke
Montréal, Québec H3G 1G7

Report to the Shareholders

At the end of last year, BP celebrated the twenty-fifth anniversary of its entry into the Canadian oil industry. Regrettably, however, the Company's earnings did not quite rise to the occasion. After a poor start, net income for our Silver Jubilee year finally climbed to within $3 million of our record earnings in 1977.

The decline in net income was concentrated entirely in our refining and marketing operations, where margins weakened in the face of strong competition stemming from the continuing surplus capacity in that sector. The pressure on margins was particularly pronounced in the first half of the year; towards the end of the third quarter, however, prices began to move to more satisfactory levels and this improvement has so far been maintained in 1979. Even so, in December 1978 prices were still below the levels permitted under the Anti-Inflation Programme, the shortfalls from permitted prices ranging from almost 2 cents a gallon for regular gasoline to almost 5 cents a gallon for heavy fuel oil.

Earnings in the exploration and production sector were slightly higher than in 1977, with the increase in prices obtained for crude oil and natural gas more than offsetting the reduction in volumes produced.

Last year was an eventful and difficult one for the industry and for BP Canada, presenting challenges in all our many activities. That we emerged relatively unscathed, with successes outweighing disappointments, was in no small measure due to the energy and dedication which the Company's employees applied to solving the many problems we encountered. I thank all of them and, on your behalf, take this opportunity to express the Company's sincere appreciation for their devotion and loyalty.

On the world scene, after months of speculation, the Organization of Petroleum Exporting Countries (OPEC) announced in December that crude oil prices would be increased in stages in 1979, the net effect being a total increase of 14.5 per cent during the course of the year. Already, however, because of the supply disruption caused by the revolution in Iran, prices for spot crude oil cargoes in world markets have increased as much as 50 per cent, and some crude oil producing countries have responded by raising their official prices beyond the levels set by OPEC in December.

BP Canada, in common with all other customers of the BP Group, has had its offshore crude oil availability sharply reduced as a result of the Iranian situation. Fortunately, the Company has been able to make good the shortfall in the first quarter of 1979 by arranging to supply western Canadian crude oil to northern-tier United States refiners in exchange for foreign crude oil to be delivered to Montreal Refinery. It is our hope that, to the extent necessary, similar arrangements can be made to cover the anticipated shortfall in our crude oil supplies to Montreal in the second quarter. Only about 11 per cent of BP Canada's crude oil requirements are supplied by imports, all of which go to Montreal Refinery.

The Iranian supply disruption has again concentrated attention on Canada's energy situation, particularly on the question of security of supply. The main thrust of Canadian policy in this regard should continue to be the encouragement of energy conservation while at the same time ensuring that no impediments are placed in the way of developing Canada's energy potential to the full. One essential requirement for the achievement of the latter is to ensure that markets are available for new sources as they are discovered. This is particularly important in the case of natural gas, where exploration successes in recent years have established reserves well in excess of Canada's medium-term domestic requirements.

Some of this "surplus" gas can realistically be used in Canada, both by expanding existing markets and by extending the pipeline system somewhat further eastward in Quebec. However, as the National Energy Board has recently recognized, the opportunity also exists to increase exports of natural gas to the United States. BP Canada has dedicated some of its surplus gas to export applications by others.

So far, all the gas export proposals which have been announced relate to Alberta gas. In view of the relatively low level of surplus gas assessed by the National Energy Board to be available for export, it is to be hoped that proposals for the export of surplus British Columbia gas will soon be forthcoming. Your Company has developed large reserves of natural gas in the Monkman area of northeastern British Columbia, which were recently added to by the new discovery at West Sukunka. Gas from this area is scheduled to begin flowing to markets within the province in November; overall, in British Columbia, the potential production from the reserves already established by industry is, we believe, sufficient to allow some exports of gas to the United States as well.

Work continued throughout 1978 at our Sukunka metallurgical coal property, also in the Monkman area. Engineering studies have been completed and the development plan will be ready by June, by which time BP will have invested some $45 million in the project. It is planned to develop the mine in two phases. In the first phase, production would begin in 1981 and capacity would build up to one million tons per annum of saleable coal by 1983; during the second phase, output would increase to the full potential of three million tons per annum of saleable coal by about 1987.

The achievement of this schedule turns on a number of factors which are, to a considerable extent, outside our control. Most important are the need to obtain firm purchase contracts for the coal—which, in turn, depends on a recovery in the world steel industry—and an early commitment by the British Columbia Railway to build a branch line to the mine site. Both objectives are being vigorously pursued at this time.

Toward the end of 1978, we announced our first oil discovery in the West Pembina area of Alberta. The well, drilled in equal partnership with another company, flowed on test at a rate of 3,570 barrels per day of low-sulphur crude oil with a net oil pay considerably above the average for discoveries in the area.

At the Annual and General Meeting you will be asked to approve changing the name of your Company to BP Canada Inc., and its continuation under the Canada Business Corporations Act. BP Canada Limited is presently an Ontario corporation, while its principal operating subsidiaries—BP Oil Limited and BP Exploration Canada Limited—and a number of others are federally incorporated. Your Board of Directors feels it would be more appropriate for BP Canada, as the parent of these subsidiaries, to operate under the same jurisdiction, and that, having regard to the national scope of the Company's activities, this should be the federal jurisdiction. The proposed change of name of the Company makes it acceptable in both the English and French languages.

At the end of last year, 11,410 of the Company's 5 per cent cumulative redeemable sinking fund preference shares were outstanding. Your Directors recently decided to redeem this small number of shares on March 26th, 1979 at $103 per share plus accrued dividend to the redemption date.

Finally I would like to take this opportunity to express my appreciation to the members of the Board of Directors for their services over the past year. This experienced and representative group has provided invaluable support and advice to the officers, not only at formal meetings of the Board and its several Committees, but also informally in private discussion. I am happy to be able to report that all Directors have consented to stand for re-election for the coming year.

D.F. Mitchell
Chief Executive Officer

March 15, 1979

Exploration and Production

A drilling rig on location at Cynthia in the West Pembina area of Alberta, where BP and a partner announced an oil discovery toward year end.

In an active year, BP continued a successful oil and gas exploration and production programme; commissioned its Cold Lake pilot project for heavy oil production; undertook further development work for its first coal mine; and maintained an active mineral exploration programme. Some $53 million, representing about four-fifths of the Company's capital expenditures in 1978, was devoted to natural-resource exploration and production.

Oil and Gas

BP's earnings from its oil and gas activities improved only slightly over 1977, as the higher prices received were largely offset by a reduction in sales volumes and by higher operating costs.

In common with the rest of the industry, BP's average gross production of crude oil and natural gas liquids declined, reflecting the government's progressive phasing-out of exports and a natural decline in production from some of the Company's fields. BP's production was 20,464 barrels per day compared to 22,128 barrels per day in 1977.

Natural gas production was also somewhat lower, at 109.5 million cubic feet per day against 122.7 million cubic feet in 1977. Purchasers were unable to accept all the gas they had contracted to buy. Some 3.04 billion cubic feet of BP gas (equal to 8.6 million cubic feet per day) which had been contracted for sale on a "take-or-pay" basis was not taken by the purchasers. The Company received cash payments in the amount of $3.71 million in respect of this gas. Sulphur sales declined from 113,000 to 91,000 tons, but the average price rose from $12.90 to $14.57 per ton.

BP participated in the drilling of 48 exploratory wells, which resulted in 19 gas discoveries and 3 oil discoveries; it also participated in 232 development wells (including 7 service wells), which resulted in 183 gas wells and 29 oil wells. The Company also secured petroleum and natural gas rights on an additional 26,947 net acres in Alberta and British Columbia.

Alberta

In the southern part of the province, at the Monogram unit where BP has a 33⅓ per cent interest, 58 shallow wells were drilled to maintain existing production and to increase gas capacity by four million cubic feet.

At Grande Prairie in the Deep Basin area, where BP holds a 20 per cent interest in 17 townships of leases, six exploratory wells were drilled during the year. Four of these established gas on drillstem test, with one well flowing at a rate of 29.7 million cubic feet per day. However, some of these wells, together with others drilled in 1977, require production evaluation to determine their commercial capability. Five additional exploratory wells were drilling in early 1979.

Oil was discovered near year end by the Getty Pembina 1-34 exploratory well (BP 50 per cent) in the Nisku Reef play at West Pembina. The well flowed on test at a rate of 3,570 barrels per day of oil through a half-inch choke. In early 1979,

This "heater-treater" at BP's heavy oil pilot plant near Cold Lake, Alberta, separates oil from water after both have been produced from underground oil sands.

exploratory drilling was under way three miles to the northeast, where BP also has a 50 per cent interest. Seismic activity is continuing and it is expected that additional drilling will be undertaken in 1979. BP holds interests varying from 50 to 100 per cent in 10,398 acres in this area.

Some 100 miles due east of Calgary, in the Hutton area, 20 gas development wells were completed by BP in the Medicine Hat gas zone (in which the Company's interests vary from 17.5 to 25 per cent). In addition to that programme, 13 deeper wells were drilled, of which one found oil, seven found deeper-zone gas and three were plugged back to the Medicine Hat gas zone for future completion.

In the Belly River 'M' unit in the Pembina area, where BP has a 39.4 per cent interest, six infill wells were drilled, of which two were water injection wells and four oil producers. The results were encouraging and an eight-well programme is being undertaken in 1979.

British Columbia

In the Monkman Foothills area, three wells were drilled. Twenty miles southeast of the Bullmoose gas field, BP et al Murray River d-48-1, an earning exploratory well drilled on a farmout, was a gas discovery. On production test, the well flowed 19 million cubic feet per day from the Upper Triassic. BP's interest is 25 per cent. The BP AEG West Sukunka c-45-J exploratory well, in which the Company holds a 50 per cent interest, was also a gas discovery and flowed on drillstem test from the Upper Triassic at the rate of 20 million cubic feet per day. The well is located six miles west of the Sukunka gas field. Preliminary samples indicated an acid gas content of about 17 per cent — lower than that in nearby fields. The BP AEG Bullmoose a-22-E well (BP 80 per cent), a five-mile southern step-out on the Bullmoose structure, was unsuccessful. An exploratory well, Quasar et al Quintette a-89-E, which will earn BP a 25 per cent interest in a 41,218-acre permit, was still drilling in March 1979 six miles southeast of the Murray River gas discovery.

This ducting carries fresh air into BP's coal workings near Chetwynd, British Columbia.

In the Pouce Coupé area, the BP et al Doe Creek 11-1 exploratory well (BP 50 per cent) was a gas discovery. Some 200 gross feet of Wabamun gas pay and a thin Bluesky gas pay zone are present. Production tests of the Wabamun zone indicate that the well is capable of sustained production at the rate of 1.2 million cubic feet per day.

Frontier Areas

In the Bent Horn area on Cameron Island in the Arctic, where BP holds a 3.3 per cent interest, Panarctic drilled an unsuccessful deep exploratory well, Panarctic et al Bent Horn A57, some two miles north of an oil discovery in the Devonian carbonates.

Gross quantities sold — crude oil and natural gas liquids	1978	1977
	barrels per day	
Alberta		
Redwater	3,341	3,107
Pembina	2,099	2,289
Chauvin	1,938	2,156
Swan Hills	1,776	1,497
South Sturgeon	1,540	1,524
Kaybob South	1,184	1,448
Harmattan	632	747
Others	2,275	3,401
Total Alberta	14,785	16,169
British Columbia		
Beatton River	733	826
Others	23	32
Total British Columbia	756	858
Saskatchewan		
Dollard	1,430	1,438
Kenosee	562	578
Weyburn	475	531
Steelman	378	437
Others	2,078	2,117
Total Saskatchewan	4,923	5,101
Total all areas	20,464	22,128

Reserves (gross before royalty)	Oil and natural gas liquids (barrels)	Natural gas (billion cubic feet)
Proven reserves at December 31, 1977	84,019,600	1,089.825
Add:		
Discoveries and extensions	3,143,900	25.319
Net revisions to existing reserves	624,000	−11.734
	3,767,900	13.585
Less:		
Production during 1978	7,469,600	39.980
Proven reserves at December 31, 1978	80,317,900	1063.430
Location of reserves by province:		
Alberta	65,093,600	702.090
Saskatchewan	13,503,000	2.445
British Columbia	1,721,300	358.895

Gross sales — natural gas	1978	1977
	(million cubic feet per day)	
Alberta		
Edson	27.5	35.5
Atmore	5.7	4.1
Craigend	5.3	7.6
Mongram Unit	5.3	4.3
Pembina	2.6	3.6
Sullivan Lake	1.8	3.3
Cessford	1.8	3.3
Harmattan Elkton	1.8	2.3
Bellis South	1.7	1.8
Kaybob South	1.6	2.2
Kaybob Notikewin	1.4	2.1
Okotoks	1.3	2.1
East Calgary	.9	3.6
Gote D 37	—	1.6
Others	23.7	18.1
Total Alberta	82.4	95.5
Other provinces	27.1	27.2
Total all areas	109.5	122.7

Summary of drilling	Oil	Gas	Dry
Exploratory wells			
Working Interest	2	9	14
Farmout (interest retained)	1	10	12
Development wells			
Working Interest	20	165	8
Farmout (interest retained)	9	18	5

(This table excludes 7 service wells)

Land summary	December 31, 1978		December 31, 1977	
	gross acres	net acres	gross acres	net acres
Leases				
Arctic Islands	215,805	8,311	105,632	3,533
Alberta	2,608,249	1,123,087	1,796,812	1,012,217
British Columbia	541,294	271,799	354,360	242,328
Saskatchewan	78,567	25,407	124,969	58,462
Ontario	—	—	25,995	11,001
Northwest Territories	147,089	16,814	253,472	64,924
	3,591,004	1,445,418	2,661,240	1,392,465
Reservations & permits				
Alberta	390,082	140,622	1,954,954	765,492
British Columbia	932,971	369,691	1,108,029	454,520
Northwest Territories	521,000	252,106	2,210,134	680,208
Arctic Islands	6,650,430	740,585	6,723,552	908,477
East Coast	13,454,113	8,023,475	13,717,377	8,199,198
North Sea — Great Britain	—	—	51,323	5,774
	21,948,596	9,526,479	25,765,369	11,013,669
Major options				
Alberta/British Columbia	93,798	25,207	93,798	25,207
Total petroleum & natural gas acreage	25,633,398	10,997,104	28,520,407	12,431,341
Coal	90,495	86,801	107,773	73,314
Minerals	896,980	550,285	620,810	355,631
Major option	256,000	256,000		
Total	26,876,873	11,890,190	29,248,990	12,860,286

The Company did not contribute to the cost of this well, which Panarctic announced would be its last attempt to extend the field.

Two wells in which BP has a small interest were drilled in the Drake Point gas field. One is a gas well and the other, in which BP did not participate, proved dry and was abandoned.

In early 1979, a 9,500-foot exploratory well, Phillips Aquitaine et al Hazen F54, was spudded on the Hazen Strait permits in the Sverdrup Basin. The well is drilling in 800 feet of water from an ice platform. BP has a 6.2 per cent interest in this 931,000-acre block, which lies northwest of the Hecla gas field and is adjacent to the recent Roche Point gas condensate discovery.

In the Labrador Sea, the group for which BP is operator (BP 60 per cent, which will reduce to 45 per cent when Petro-Canada earns its 15 per cent interest) completed a seismic programme and submitted a successful application for 15 Newfoundland provincial permits. These permits total some 4.8 million acres and lie within the 13-million acre area covered by existing federal permits. An exploratory well will probably be drilled in this area during the summer of 1979.

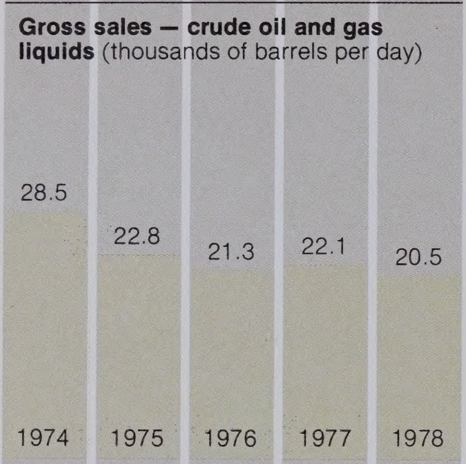
Non-Conventional Crude

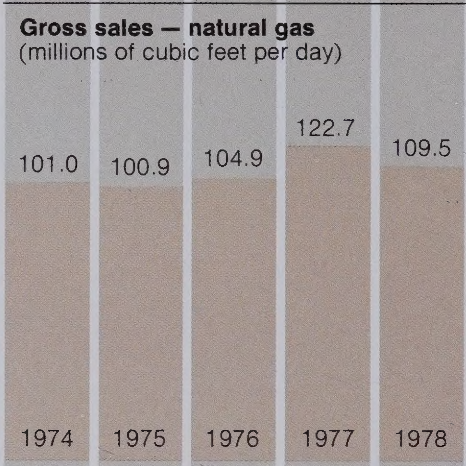
The heavy-oil pilot plant at Marguerite Lake, in the Cold Lake region of northeastern Alberta, began operating in June and the first oil was produced the following month. Some of the pilot production is used as fuel to generate steam for the project; the remainder is sold for refining. Initial production results have met BP's expectations.

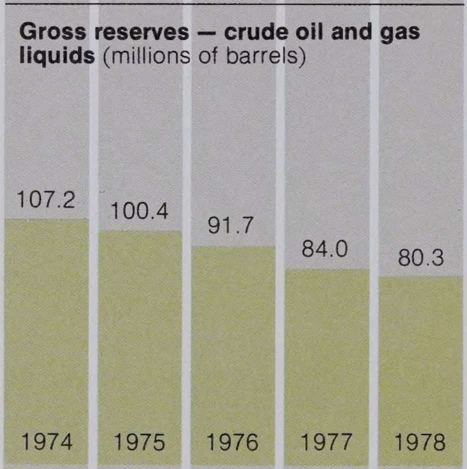
Coal

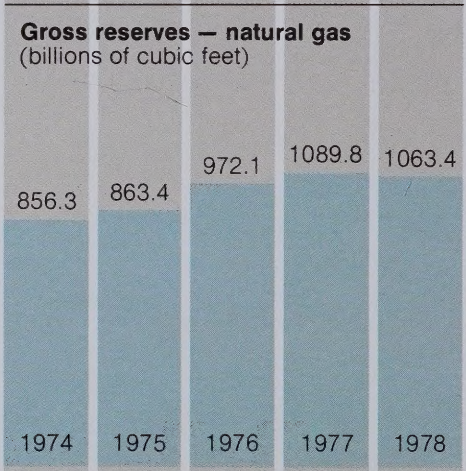
Activities continued throughout 1978 at the Sukunka coal project south of Chetwynd, in northeast British Columbia. These included underground test-mining, surface geological mapping and exploration drilling. Mine engineering studies are nearing completion and the British Columbia Railway is well advanced in its feasibility study for a rail connection to the mine site from Chetwynd.

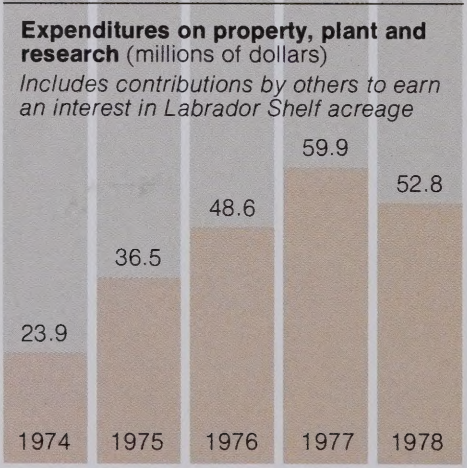
The current plan is to develop the mine in two phases. Phase I will have an initial capacity to produce one million tons per annum of saleable coal, with production

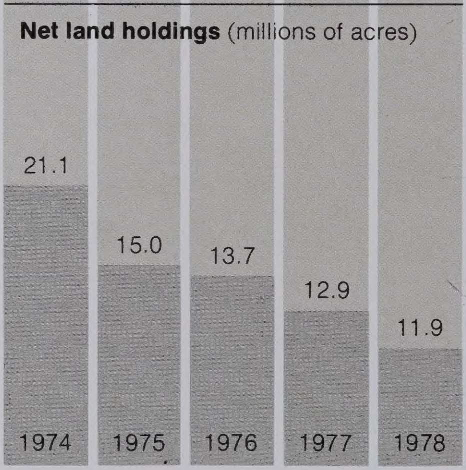


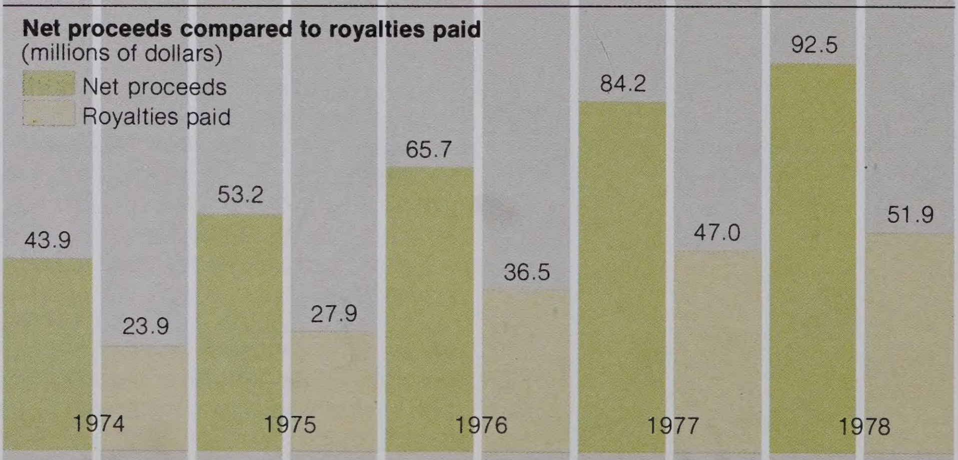












commencing in late 1981; thereafter, the mine will be expanded to an ultimate capacity of about three million tons per annum. The timing of the second phase will depend on market conditions and development of the necessary infrastructure. It is anticipated that pre-development work will be sufficiently advanced by mid-1979 to enable the decision to be taken at that time to proceed with Phase I development, which is estimated to cost in the region of $75 million. Key elements in this decision will be the status of sales negotiations and a commitment to construct the rail connection.

The Company continued its exploration for thermal coal in western Canada.

Minerals

Mineral exploration was expanded during 1978, with increased emphasis being placed on the search for uranium. Preliminary drilling was carried out on prospects at Hornby Bay-Lac Rouvière in the Northwest Territories, where the Company holds interests ranging from 45 to 100 per cent. BP's net mineral rights in this area amount to 355,000 acres.

Near Baker Lake, Northwest Territories, BP acquired in early 1978 a 100 per cent interest in 165,000 permit acres. During the year the Company carried out airborne geophysical surveys of this acreage, which is five miles northeast of a recently-announced uranium discovery.

At Keane, Alberta, leases were obtained on 15,000 net acres on the western edge of the Athabasca Basin, which is undergoing intense uranium exploration and development in Saskatchewan. Additional prospective acreage is being acquired by farm-in.

Work was also carried out on uranium and base metal prospects in British Columbia, Ontario and Newfoundland, and geological programmes commenced in the Yukon Territory.

During 1979, an increasing amount of drill testing for uranium will be carried out in the Northwest Territories and Alberta.

Supply and Refining

Combined throughput at BP's two refineries in 1978 averaged 112,800 barrels per day, equivalent to about 72 per cent of capacity. The decrease in throughput of some 15,000 barrels per day from the 1977 level was due mainly to the termination of an agreement to process for another company.

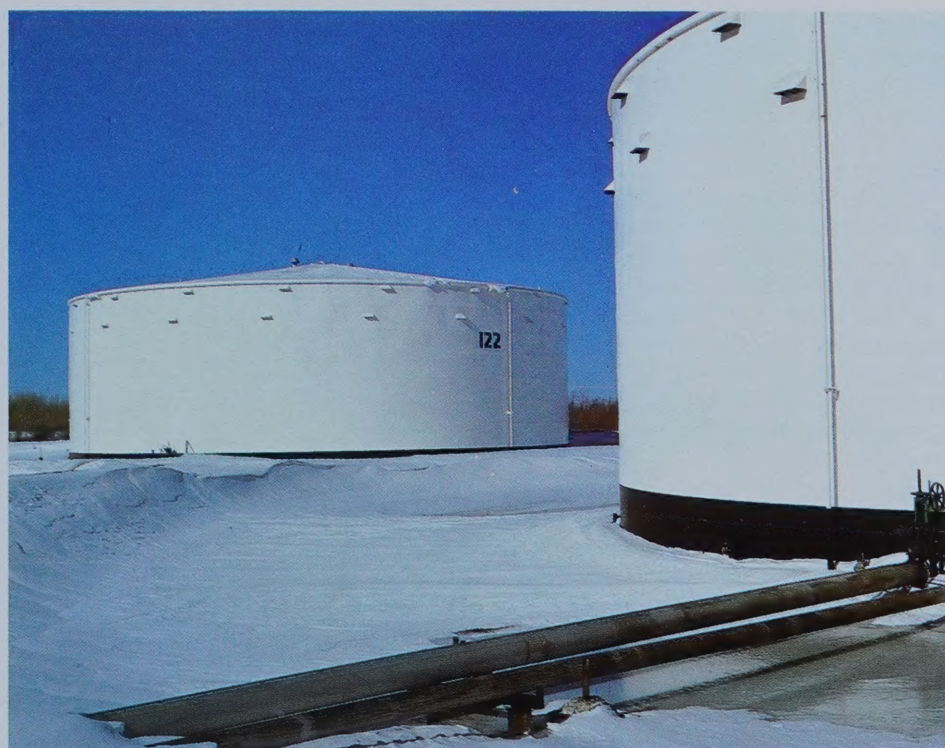
On July 1, the government-controlled wellhead price for Alberta crude oil was increased by $1.00 per barrel. A previously-agreed increase of a further $1.00, due to take effect on January 1, 1979, was postponed until July 1, 1979.

Although the members of the Organization of Petroleum Exporting Countries (OPEC) did not increase their crude oil prices in 1978, the continuing decline in the value of the Canadian dollar meant that by the end of the year domestic crude oil was still being sold in central Canada at about $3.30 per barrel below the international price. In December 1978 OPEC announced a series of increases in crude oil prices in 1979, starting with 74 cents per barrel on January 1. By October 1, the accumulated increase will amount to $1.84 per barrel or 14.5 per cent. Canadian importers of crude oil and petroleum products continued to be compensated by the Federal Government for that portion of the cost of the more-expensive foreign oil which they were not permitted to recover from the market.

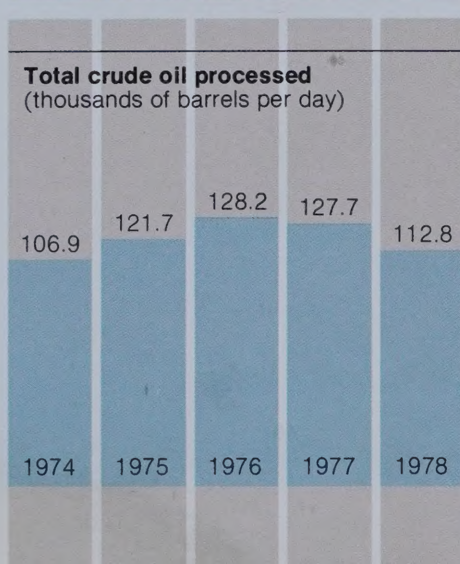
About four-fifths of the crude oil processed at Montreal Refinery in 1978 was Canadian; the transportation cost between Toronto and Montreal was paid by the Federal Government, thereby equalizing the cost of crude oil in the two centres. The crude oil processed at Montreal and Trafalgar Refineries included 20,000 barrels per day from the United States which was acquired in exchange for Canadian crude shipped to refiners in the United States Northern Tier.

Energy consumption per barrel of crude oil processed was reduced by a further 3 per cent in 1978; contributing to this saving — and also to reduced hydrocarbon emissions into the air — was the installation, at Montreal Refinery, of new 'floating' roofs on light oil storage tanks. This programme is being continued in 1979.

The Company received the Quebec Government's approval to proceed with installation of a water-effluent quality improvement system at Montreal Refinery. The system, patented by the BP Group, consists of sand filters, bio-filters and a new holding basin.



Storage tanks at Montreal Refinery which were converted during the year by adding an internal 'floating' roof to reduce vapour emissions. The conversion programme, intended to conserve energy and further reduce atmospheric pollution, will continue through 1979.



A BP videotaping crew films pump maintenance work for use in training marketing personnel.

Throughout the year, BP refueled Air Canada planes at Toronto International Airport.

Marketing

In the face of continued slow growth in demand for petroleum products, the Company again concentrated on reducing costs in its marketing activities throughout Quebec and Ontario.

The number of BP retail outlets was further reduced, to some 1,700 at year end, but the proportion of self-service outlets was slightly higher than in 1977, reaching 13 per cent of the total. The industry's gasoline sales through self-service outlets in the two provinces remained at about 40 per cent of the retail market.

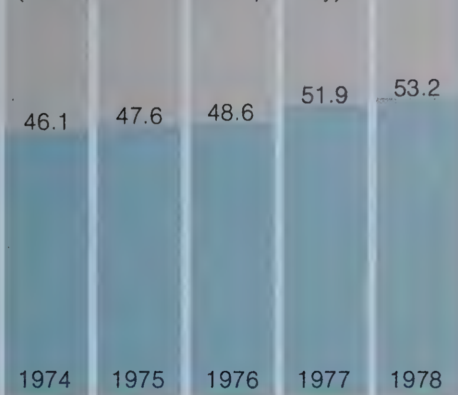
After reaching a low point during the summer months, margins on motor fuels were on a firming trend as the year ended.

A new grade of gasoline, BP Super No-Lead, began replacing leaded premium gasoline in November. Increasing numbers of cars require unleaded fuel, and a significant proportion of them demand a higher octane rating than is provided by regular unleaded gasoline. The new product is formulated to meet the needs of these automobiles, while still being acceptable to most of the older vehicles which had been using leaded premium. By year end, BP Super No-Lead was available at some 75 per cent of the Company's retail outlets.

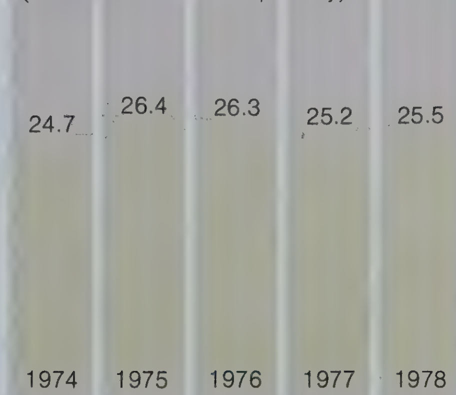
Sales of BP petroleum products rose by 3 per cent, with notable increases in aviation fuels (44 per cent) and asphalt (17 per cent). The installation, at year end, of a new asphalt blender at Montreal Terminal enables a wider range of

BP pioneered the use of mobile 200-gallon containers as a service to customers using large quantities of motor oil.

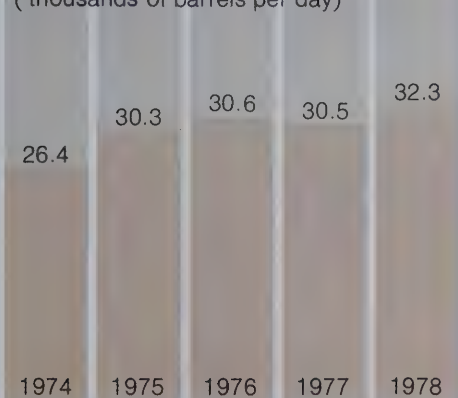
Sales of gasoline
(thousands of barrels per day)



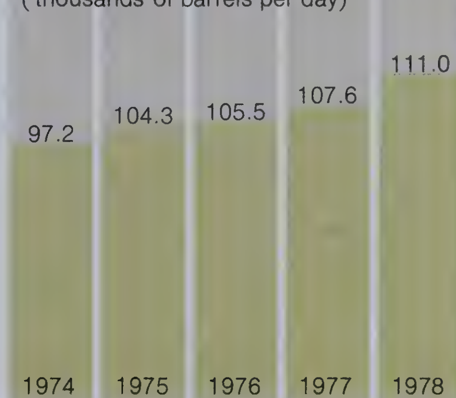
Sales of middle distillates
(thousands of barrels per day)



Sales of other products
(thousands of barrels per day)



Total sales of petroleum products
(thousands of barrels per day)



viscosities to be offered. The sale of marine lubricants was expanded at Vancouver and ships' bunkering was initiated on the West Coast.

With the petroleum industry's change to the metric system of measurement scheduled to take place during the years 1979 and 1980, BP's marketing preparations were completed in 1978 and the retailing of gasoline in litres started in February 1979.

A display was set up at Company locations to inform employees and visitors about PACE (Petroleum Association for Conservation of the Canadian Environment), of which BP was a founding member.

Company-sponsored French courses were given throughout the year at Montreal Refinery.

BP

Corporate Affairs

In December, the twenty-fifth anniversary of BP's entry into the Canadian oil industry was celebrated with a Silver Jubilee edition of the employee magazine "Rendez vous", while BP Shield International, the BP Group's house journal, published a special Canadian issue. In addition, an attractive ashtray was presented to employees, dealers, agents and other business associates of the Company to mark the occasion.

The number of direct employees rose above 4,000 for the first time, with an increase in staff numbers in the western provinces more than offsetting a small reduction in eastern Canada.

A considerable number of improvements were announced to the Company's Employee Benefit Programme, which came into effect at the beginning of 1979. Among the changes, employees now have the option of retiring on full pension at age 62, the Company's contribution to the Employees' Savings Plan has been increased and the vesting period shortened, and a dental insurance scheme has been introduced.

Within its corporate donations programme, BP continued to support the United Appeal campaigns because of their effectiveness in replacing a multiplicity of small, local fund-raising activities. About half of the total 1978 donations budget was allocated to health and welfare causes and United Appeals received more than half of that amount.

In Quebec, the Company continued the work required to meet the provisions of the Charter of the French Language, and in August obtained its provisional francisation certificate.

BP films were in heavy demand throughout the year and were shown to more than 19,000 community groups. Many of the films were made available in British Columbia for the first time.

Financial Review

Consolidated net income for 1978 was $37.3 million or $1.77 per common share, a decrease of 7.5% from the comparative 1977 earnings of $40.3 million.

As indicated in note 6 to the consolidated financial statements, the Company has in 1978 adopted the recommendation of The Canadian Institute of Chartered Accountants related to accounting for capital leases other than leases pertaining to the right to explore for or exploit natural resources. The net after tax effect of this change was to reduce consolidated net income in 1978 by $288,000.

The consolidated net income represents a rate of return on average capital employed of 8.0% compared to 9.3% in 1977.

Revenue from gross sales and services was $842.3 million, an increase of 14.3% compared to $737.2 million in 1977.

Expenses rose by 18.2% to $687.9 million, principally as a result of higher costs of purchased crude oil, the impact of inflation on expenses, increased provision for depletion and higher research and mineral exploration costs written off. Federal sales, excise, municipal and other taxes, royalties and provision for income taxes totalling $180.7 million, were down 2.8% from 1977; included in this figure are provincial royalties of $48.8 million, which increased by 9.2%. Direct taxes on petroleum products collected on behalf of provincial governments amounted to $139.8 million, an increase of $3.7 million over 1977.

Capital expenditure in 1978 was $62.9 million, compared to $75.5 million in 1977. This expenditure included $0.3 million in 1978 and $0.9 million in 1977 expended by others to earn an interest in the Company's acreage on the Labrador Shelf. A breakdown of this expenditure is as follows:

	1978	1977
	(millions of dollars)	
Resource exploration & development	$52.8	$59.9
Marketing	7.3	10.8
Refining	2.8	4.8
	$62.9	$75.5

Included in the resource exploration and development expenditure in 1977 is $25 million paid for the acquisition of coal licences in northeastern British Columbia.

In 1978, repayment of long term debt amounted to $10.1 million, $10.6 million was paid in dividends and provision for deferred income taxes was $11.6 million.

Funds derived from operations amounted to $81.3 million, a decrease of $3.2 million from 1977. These funds, together with other cash flow of $9.9 million, were sufficient to finance net capital expenditure, repayment of long term debt, dividend payments and an increase in net working capital of $9.4 million.

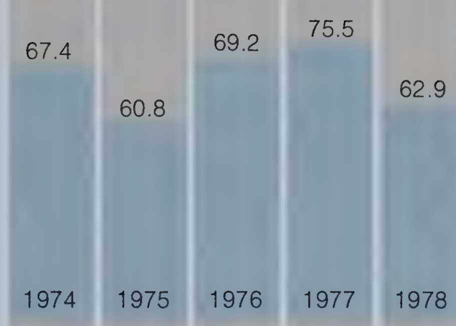
The following supplementary information relates to the Company's segments:

	1978	1977
	(millions of dollars)	
Net sales & services		
Exploration & Production	$ 92.5	$ 84.8
Refining & Marketing	711.1	615.1
	803.6	699.9
Less:		
Crude oil sales from own production	53.8	48.8
	$749.8	$651.1
Operating profit		
Exploration & Production	$ 57.3	$ 54.2
Refining & Marketing	10.2	22.3
	67.5	76.5
Net corporate financial expense	(2.5)	(2.4)
Elimination of unrealised profit in closing inventories	.1	(1.9)
Income before income taxes	65.1	72.2
Income taxes	27.8	31.9
Net income for the year	$ 37.3	$ 40.3
Depreciation, depletion, amortization and research & mineral exploration costs written off		
Exploration & Production	$ 17.6	$ 14.8
Refining & Marketing	18.2	18.1
	$ 35.8	$ 32.9
Identifiable assets		
Exploration & Production	$234.2	$200.1
Refining & Marketing	405.3	409.6
Coal mining	35.2	29.3
Corporate	32.8	19.2
	$707.5	$658.2

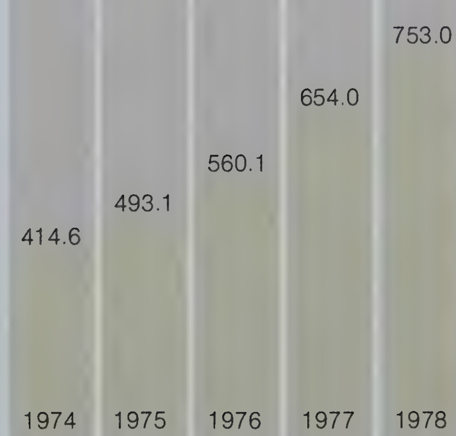
The impact of inflation cannot be adequately reflected in the Company's financial statements which are prepared in accordance with generally accepted accounting principles on the historical cost basis. Thus the Consolidated Statement of Income reflects transactions at their historical costs, which in some cases differ significantly from current values. In order to better demonstrate the effects of inflation The Canadian Institute of Chartered Accountants promulgated guidelines for the effects of changes in the general purchasing power of money by restating historical cost financial statements using a single price index. Consolidated net income, restated on this basis, was $16.9 million or $0.80 per common share compared to $37.3 million or $1.77 per common share as reported on the basis of historical cost. Similarly the return on average capital employed after restatement is computed at 3.0% as against 8.0% on an historical cost basis.

As recorded in the Summary of Accounting Policies, the Company follows the "full cost" basis of accounting for its oil and gas activities. Had accounting been on the "successful efforts" basis it is estimated that consolidated net income for 1978 would have been reduced by approximately 11% and that retained earnings at the end of 1978 would have been reduced by approximately 16%.

Expenditures on exploration research and development (millions of dollars)
Includes contributions by others to earn an interest in Labrador Shelf acreage

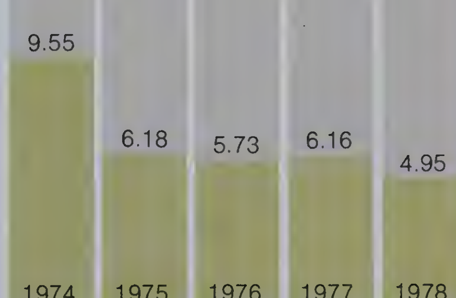


Net revenue
(millions of dollars)



Return on average capital employed (%)

Net income per dollar of net revenue
(cents)



Total funds derived from operations
(millions of dollars)

Summary of accounting policies

The principal accounting policies of BP Canada Limited are as follows:

Investment in subsidiary companies
The consolidated financial statements include the accounts of subsidiary companies, all of which are wholly-owned. When a business is purchased, assets including goodwill and liabilities are recorded at their fair values at the date of acquisition and depreciation, depletion and amortization from that date are based on these values.

Property, plant and equipment; depreciation, amortization and depletion

Refining, marketing and production assets
Property, plant and equipment includes the cost of land and facilities, assets under capital leases based on the present value of the future net minimum lease payments and of significant improvements thereto. Generally, depreciation and amortization are provided on assets on a straight line basis over their estimated useful lives which are as follows:

	Number of years		
	Refining	Marketing	Production
Owned assets:			
Buildings	30 to 50	10 to 20	
Tanks and pipelines	30	10 to 20	15
Equipment	20	10	4 to 12
Automotive equipment	5	5	5
Assets under capital leases:			
Buildings		10 to 20	
Equipment	5 to 10	5 to 10	
Automotive equipment		5	

Exploration and development costs
The full cost method of accounting is used, whereby all costs related to the exploration for and the development of oil and gas reserves are capitalized, whether related to productive or non-productive properties. Proceeds received from the disposal of properties are credited against the costs, and the net costs, except as noted below, are amortized by the composite unit of production method based on total estimated proven reserves. Separate cost centres have been established for the Arctic and East Coast offshore activities and costs accumulated in these cost centres are amortized on a straight line basis over the period during which industry activity in each area is expected to continue, presently estimated to be until 1984.

Costs related to mineral exploration, excluding property acquisition costs which are amortized over the terms of the related leases, are charged to income in the year incurred.

Coal mining development and property acquisition costs are capitalized during the pre-production phase. Amortization will begin at the commencement of commercial production.

Research costs
In 1976, the Company established a field project to produce heavy oil from the Company's deposits in Alberta, the capital cost of which is to be amortized on a straight line basis over the project's planned ten year life. Other research costs are charged to income in the year incurred.

Inventories
Inventories of crude oil, refined products and merchandise are valued at the lower of cost (determined on a first-in first-out basis, which for manufactured refined products is based on the average cost of manufacture for the year) and net realizable value.

Sales and services
Sales and fuel taxes collected for the provincial governments have been excluded from sales and services revenue.

The Company purchases large volumes of crude oil from other producers, and sells to other companies in the oil industry whatever of its own net production and purchases is not required for its own refineries. The Company's practice is to apply crude oil sales to reduce crude oil purchases and thus exclude such transactions from both net sales and services and costs. The income statement, however, shows the Company's own production of crude oil at market value as a deduction from gross sales and services.

Income taxes
The Company provides for income taxes on the tax allocation basis of accounting under which the provision for income taxes is computed on the basis of income reported in the financial statements rather than that reported in the Company's tax returns. Taxes provided on income deferred for tax purposes by claiming deductions greater than the related charges in the accounts are reflected as deferred income taxes in the consolidated balance sheet.

Foreign currency translation
Amounts in currencies other than Canadian dollars have been translated as follows: Current assets and current liabilities — at the rate of exchange prevailing at the year end; long term debt — at the rate of exchange prevailing at the date the debt was incurred; revenues and expenses — at rates prevailing throughout the year.

Consolidated Statement of Income

for the year ended December 31, 1978

BP Canada Limited

	1978	1977
	(thousands of dollars)	
Revenue:		
Gross sales and services (including crude oil sales from own production)	$842,291	$737,200
Less:		
Federal sales taxes	(38,710)	(37,358)
Crude oil sales from own production	(53,766)	(48,769)
Net sales and services	749,815	651,073
Income from investments	3,178	2,901
	752,993	653,974
Expenses:		
Purchased crude oil, products and merchandise	491,259	397,823
Operating and administration	154,902	145,126
Depreciation and amortization	21,397	21,019
Depletion	12,016	10,857
Research and mineral exploration costs written off	2,403	984
Interest and discount on long term debt	5,905	5,975
	687,882	581,784
Income before income taxes	65,111	72,190
Income taxes (note 5):		
Current	16,250	17,500
Deferred	11,600	14,400
	27,850	31,900
Net income for the year	$ 37,261	$ 40,290
Net income per common share (dollars)	$ 1.77	$ 1.91

Consolidated Statement of Retained Earnings

for the year ended December 31, 1978

BP Canada Limited

	1978	1977
	(thousands of dollars)	
Balance, beginning of the year	$178,671	$147,896
Net income for the year	37,261	40,290
	215,932	188,186
Dividends:		
Common shares	10,537	9,455
Preference shares	58	60
	10,595	9,515
Balance, end of the year	$205,337	$178,671

See accompanying notes and summary of accounting policies

Consolidated Statement of Changes in Financial Position

for the year ended December 31, 1978

BP Canada Limited

	1978	1977
	(thousands of dollars)	
Funds derived from:		
Net income for the year	$ 37,261	$ 40,290
Add (deduct) items not resulting in a flow of funds in the current year:		
Depreciation, amortization and depletion	33,413	31,876
Deferred income taxes	11,600	14,400
Profit on redemption of long term debt	(752)	(649)
Other	(259)	(1,490)
Total funds derived from operations	81,263	84,427
Proceeds on sale of property, plant and equipment	3,519	4,330
Long term borrowing	5,068	1,345
Issues of common shares	1,279	57
Other	—	1,224
Total funds derived	91,129	91,383
Funds applied to:		
Expenditures for property, plant and equipment	62,857	75,500
Less:		
Contribution by others (note 1)	(266)	(922)
Research and mineral exploration costs written off	(2,403)	(984)
	60,188	73,594
Repayments of long term debt	10,116	7,227
Dividends	10,595	9,515
Other	875	—
Total funds applied	81,774	90,336
Increase in working capital	9,355	1,047
Working capital, beginning of the year	105,006	103,959
Working capital, end of the year	$114,361	$105,006

See accompanying notes and summary of accounting policies

Consolidated Balance Sheet

December 31, 1978

Assets	1978	1977
	(thousands of dollars)	
Current:		
Cash and short term investments, at cost which approximates market	$ 25,175	$ 11,244
Accounts receivable	126,313	116,740
Inventory, valued at the lower of cost and market	116,342	115,614
Prepaid expenses and deposits	3,463	2,694
Total current assets	271,293	246,292
Investments and advances:		
Investments in other companies, at cost	3,310	3,431
Mortgages, loans and other assets	5,512	4,997
Total investments and advances	8,822	8,428
Property, plant and equipment, at cost less accumulated depreciation, amortization and depletion (note 1)	427,402	403,455
	$707,517	$658,175

On behalf of the board:

D.F. Mitchell, Director

M. Sauvé, Director

Liabilities and Shareholders' Equity	1978	1977
	(thousands of dollars)	
Current:		
Accounts payable and accrued liabilities	$127,370	$113,619
Income and other taxes payable	23,318	25,514
Current maturities of long term debt	6,244	2,153
Total current liabilities	156,932	141,286
Long term debt (note 3)	69,789	75,588
Deferred income taxes	89,000	77,400
Shareholders' equity:		
Capital stock (note 4)	186,459	185,230
Retained earnings	205,337	178,671
	391,796	363,901
	$707,517	$658,175

See accompanying notes and summary of accounting policies

Notes to consolidated financial statements

December 31, 1978

1. Property, plant and equipment	1978			1977
	Investment at cost	Accumulated depreciation, amortization and depletion	Net investment	Net investment
	(thousands of dollars)			
Exploration and production	$353,869	$151,263*	$202,606	$174,648
Refining	181,613	90,666	90,947	95,784
Marketing	166,587	72,078	94,509	99,025
Coal mining	35,222	—	35,222	29,269
Assets under capital leases	10,656	6,538	4,118	4,729
	$747,947	$320,545	$427,402	$403,455

**Includes depletion of $117,545,000*

Two companies have agreed to contribute an aggregate of $38,000,000 for an exploration programme on the Company's acreage off the coast of Newfoundland to earn 55% of the Company's interest in that acreage. One of the companies has fulfilled its commitment of $25,000,000 and the other has contributed $5,738,000 out of a total of $13,000,000. Expenditures incurred subsequent to fulfillment of the companies' respective contributions will be shared with the Company in proportion to the respective interests in the lands.

2. Coal interests — northeastern British Columbia

In 1977 the Company acquired interests in certain coal licences in northeastern British Columbia for a purchase price of $30,000,000, of which $5,000,000 will be paid conditional upon completion of certain railroad and port facilities to be installed by other parties. The Company also has entered into an agreement with BP Canadian Holdings Limited, which owns approximately 65% of the issued common shares of the Company, under which BP Canadian Holdings Limited was assigned a 50% working interest in the Company's interest in the property, and undertook to pay one-half of the acquisition and development costs. Under this agreement, the Company will initially contribute 100% of such costs until one-half of the estimated total costs has been incurred, thereafter, BP Canadian Holdings Limited will pay their half of such project costs.

During 1978 the Company expended $5,960,000 on exploration, equipment, studies relating to the development of the property and on administrative costs. The plan to bring the property into production is now in the final stages of preparation. This plan envisages a start-up in 1981, with production reaching one million tons per annum in 1983 at a total estimated further cost of $75,000,000. If this plan is approved it is estimated that the cost to be incurred by the Company in 1979 will be approximately $16,000,000.

3. Long term debt	1978	1977
	(thousands of dollars)	
BP Canada Limited		
6% Sterling loan maturing in 1983 ($4,288,000 at 1978 year end exchange rate)	$ 4,387	$ 5,361
7¾% U.S. dollar Series A debentures, maturing February 15,, 1993 ($26,098,000 at 1978 year end exchange rate)	21,906	21,906
8¼% Series B debentures, maturing February 15, 1993	19,440	22,000
Subsidiary of BP Canada Limited:		
BP Oil Limited —		
5½% first mortgage sinking fund bonds Series A, maturing March 15,1979	4,042	4,048
5¾% sinking fund debentures Series A, maturing October 1, 1986	17,242	19,303
Obligations under capital leases	4,653	4,729
Mortgage loans payable	278	394
Subsidiary of BP Oil Limited:		
BP Exploration Canada Limited —		
Other	4,085	—
	76,033	77,741
Less current maturities included in current liabilities	6,244	2,153
	$69,789	$75,588

Total future minimum lease payments under capital leases extending over various periods to 1997 amount to $6,414,000 of which $1,761,000 represents interest at incremental borrowing rates ranging from 6% to 9%.

Repayment and sinking fund requirements, excluding obligations under capital leases, during the four years subsequent to December 31, 1979 are as follows:

1980 — $2,054,000
1981 — $4,039,000
1982 — $4,450,000
1983 — $4,503,000

4. Capital stock		1978	1977
		(thousands of dollars)	
Authorized:			
11,410	5% cumulative redeemable sinking fund preference shares of $100 par value each redeemable for $103 or at par for sinking fund purposes (11,912 in 1977)........		
30,000,000	common shares without par value		
Issued:			
11,410	5% cumulative redeemable sinking fund preference shares (11,912 in 1977) ...	$ 1,141	$ 1,191
21,127,523.8	common shares (21,016,023.8 in 1977)	185,318	184,039
		$186,459	$185,230

At December 31, 1978 options were outstanding to officers and employees to purchase 185,500 common shares at a price of $11.47½ exercisable annually to June 9, 1980 and to purchase 48,000 common shares at a price of $13.05 exercisable annually from June 20, 1979, to June 19, 1983. During the year options on 111,500 shares were exercised.

The Company redeemed for cash 502 preference shares during 1978. Subsequent to year end the Company has given notice that it will redeem on March 26, 1979 all of the remaining outstanding preference shares for $103 per share plus accrued dividends to that date.

5. Income taxes

Deferred income taxes result from timing differences in recognition of income and expenses for income tax and financial statement purposes. The sources of these differences and the tax effect of each were as follows:

	1978	1977
	(thousands of dollars)	
Capital cost allowance claimed for income tax purposes in excess of depreciation and amortization..........	$ 2,619	$ 5,682
Depletion allowance claimed for income tax purposes in excess of that claimed for accounting purposes..........	13,800	7,200
Other..........	(4,819)	1,518
	$11,600	$14,400

Total income tax expense was $27,850,000 in 1978 and $31,900,000 in 1977, effective rates of 43% and 44% on income before income taxes respectively. Such income tax expense varies from the amounts that would be computed by applying the Canadian federal and provincial income tax rates of 47% and 46% to income before income taxes for the following reasons:

	1978		1977	
	(thousands of dollars)			
		% of pretax income		% of pretax income
Computed income tax expense..........	$30,842	47	$33,315	46
Increase (decrease) in income taxes resulting from:				
Non-deductible royalties, mineral taxes and other expense, less federal resource allowance and provincial rebates..........	5,628	9	4,296	6
Income tax depletion..........	(6,657)	(10)	(3,870)	(5)
Inventory allowance..........	(1,637)	(2)	(1,439)	(2)
Other..........	(326)	(1)	(402)	(1)
Income tax expense..........	$27,850	43	$31,900	44

6. Change in Accounting practice
In 1978 the Company adopted the recommendation of the Canadian Institute of Chartered Accountants related to accounting for leases. Net investment in assets under capital leases and related obligations of $4,653,000 at December 31, 1978 ($4,729,000 at December 31, 1977) have been recorded in the accounts. This change has been applied retroactively although the prior year's net income and retained earnings have not been restated since the effect on that year and the accumulated effect to January 1, 1977 are not significant.

7. Pension plans
Based on the latest actuarial valuation of the pension plans as at December 31, 1977 all liabilities were fully funded by assets held by the trustees.

8. Other information
The aggregate direct remuneration of the directors and senior officers of the Company was $799,000 in 1978.

The principal operating subsidiaries of the Company are BP Oil Limited and BP Exploration Canada Limited.

Total rentals under operating leases expiring more than three years after the year end amounted to approximately $22,000,000 of which $2,000,000 is payable in 1979.

9. Anti-inflation program
Under the Anti-inflation legislation the Company was required to comply with controls on prices and profit margins to December 31, 1978 (other than those in respect of crude oil and natural gas which are controlled under the Petroleum Administration Act), and on employee compensation to various dates ended on December 31, 1978.

10. Statement presentation
The 1977 comparative figures have been restated to conform to the presentation adopted in the current year.

Auditors' Report

To the Shareholders of BP Canada Limited:
We have examined the consolidated balance sheet of BP Canada Limited as at December 31, 1978 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1978 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the change in accounting practice relating to capital leases.

Clarkson, Gordon & Co.

Montreal, Canada,
February 26, 1979.

Chartered Accountants

Five year operating summary

(barrels per calendar day except natural gas)

BP Canada Limited

	1978	1977	1976	1975	1974
Refined product sales	111,011	107,552	105,529	104,310	97,164
Crude oil processed at refineries	112,778	127,723	128,246	121,693	106,921
Gross sales of crude oil and natural gas liquids	20,464	22,128	21,349	22,827	28,492
Gross sales of natural gas (thousands of cubic feet per day)	109,535	122,685	104,926	100,945	101,043

Five year financial summary

(dollars in thousands except per share amounts)

BP Canada Limited

	1978	1977	1976	1975	1974
Balance sheet					
Current assets	$271,293	$246,292	$210,673	$212,083	$222,723
Current liabilities	156,932	141,286	106,714	102,875	129,895
Working capital	114,361	105,006	103,959	109,208	92,828
Investments and advances	8,822	8,428	9,980	10,584	15,206
Property, plant and equipment-net	427,402	403,455	364,108	334,726	322,038
Capital employed	550,585	516,889	478,047	454,518	430,072
Deduct: Long term debt	69,789	75,588	81,951	88,594	99,019
Deferred income taxes	89,000	77,400	63,000	56,100	43,200
Shareholders' equity	391,796	363,901	333,096	309,824	287,853
Per common share	$18.49	$17.26	$15.80	$14.68	$13.63
Income					
Net revenue	752,993	653,974	560,062	493,149	414,550
Expenses	687,882	581,784	505,950	438,869	343,576
Income before income taxes	65,111	72,190	54,112	54,280	70,974
Income taxes	27,850	31,900	22,000	23,800	31,400
Net income for the year	$ 37,261	$ 40,290	$ 32,112	$ 30,480	$ 39,574
Total funds derived from operations	$ 81,263	$ 84,427	$ 65,447	$ 65,679	$ 81,453
Per common share					
Net income for the year	$1.77	$1.91	$1.53	$1.45	$1.88
Dividends paid	$ .49	$ .44	$ .40	$ .38	$ .23¾

R.M. Fowler, O.C., LL.D.,
Honorary Chairman

Board of Directors

R.W. Adam — London, England
A Managing Director,
The British Petroleum Company Limited

Sir Eric Drake, C.B.E. — London, England

P. J. Gillam — London, England
Director,
BP Trading Limited

R.W.D. Hanbidge — Montreal
President,
BP Canada Limited

F.A. McKinnon, D.U.C. — Calgary

D.F. Mitchell — Montreal
Chairman and
Chief Executive Officer
BP Canada Limited

M.M. Pennell, C.B.E. — London, England
Deputy Chairman and a Managing Director,
The British Petroleum Company Limited

Charles Perrault — Montreal
President,
Perconsult Limited

The Hon. M. Sauvé, P.C. — Montreal
Vice-President, Administrative and Public Affairs,
Consolidated-Bathurst Inc.

D.C. Smith — Montreal
Vice-President, Finance, and Treasurer,
BP Canada Limited

G. Meredith Smith — Montreal

P.N.T. Widdrington — London, Ontario
President and Chief Executive Officer,
John Labatt Limited

Officers

D.F. Mitchell,
Chairman and
Chief Executive Officer

R.W.D. Hanbidge,
President

J.A. Barclay,
Vice-President, Supply and Refining

E.W. Best,
Vice-President, Exploration and Production

D.A. Deverell,
Vice-President, Marketing

J. Langelier, Q.C.,
Vice-President, Legal, and Secretary

D.C. Smith,
Vice-President, Finance, and Treasurer

K. Healy,
Assistant Secretary

J.I. Rawlinson,
Assistant Secretary

K.T. Allison,
Assistant Treasurer

F.D. Pynn,
Assistant Treasurer

W.A. Melrose,
Assistant Treasurer

Transfer Agent and Registrar
The Canada Trust Company
Montreal, Toronto, Calgary, Vancouver

Stock Exchange Listings
Montreal, Toronto, Vancouver

Registered Head Office
First Canadian Place
Toronto, Ontario

Executive Office
1245 Sherbrooke Street West
Montreal, Quebec

BP House, Calgary
333 — 5th Avenue S.W.
Calgary, Alberta

BP Minerals
1199 Pender Street West
Vancouver, British Columbia

25 Adelaide Street East
Toronto, Ontario

BP House, Don Mills
240 Duncan Mill Road
Don Mills, Ontario

Refineries
Montreal Refinery
Ville d'Anjou, Quebec

Trafalgar Refinery
Oakville, Ontario

Sales Offices
Province of Quebec
Montreal
Quebec City
Sherbrooke

Province of Ontario
Barrie
Burlington
Cambridge
Chatham
London
Markham
North Bay
Ottawa
Toronto